

**CITY OF ST. GEORGE, KANSAS**

**FINANCIAL STATEMENT**

**For the Year Ended December 31, 2012**

**VONFELDT, BAUER & VONFELDT, CHTD.**

**Certified Public Accountants**

**Manhattan, Kansas 66502**

CITY OF ST. GEORGE, KANSAS

Financial Statement  
For the Year Ended December 31, 2012

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of St. George, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of St. George, Kansas, a Municipality, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the City of St. George, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of St. George, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of St. George, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and summary of receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

*Vonfeldt, Bauer & Vonfeldt, Chtd.*

VONFELDT, BAUER & VONFELDT, CHTD.  
Certified Public Accountants  
Manhattan, Kansas

July 16, 2014

CITY OF ST. GEORGE, KANSAS  
 Summary Statement of Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Governmental Type Funds:		
General Fund	\$ 23,726.10	\$ 0.00
Special Purpose Funds:		
LE Equipment Reserve Fund	248.50	0.00
Special Parks and Recreation Fund	5,619.89	0.00
Special Highway Fund	21,495.19	0.00
Special Parks and Recreation Reserve Fund	1,190.00	0.00
Bond and Interest Funds:		
Bond & Interest Fund	64,950.74	0.00
Capital Project Funds:		
Powercat Phase 6 Fund	7,057.00	0.00
Riverview Hills Fund	9,797.74	0.00
Sewer Project Fund	897,569.87	0.00
Business Funds:		
Sewer Utility Fund	112,915.74	0.00
Water Utility Fund	102,417.74	0.00
Sewer Replacement Reserve Fund	8,641.80	0.00
Total Reporting Entity (Excluding Agency Funds)	\$ 1,255,630.31	\$ 0.00

Composition of Cash:

The notes to the financial statement are an integral part of this statement.

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 290,970.24	\$ 250,290.84	\$ 64,405.50	\$ 1,460.55	\$ 65,866.05
1,558.70	0.00	1,807.20	0.00	1,807.20
2,822.59	5,058.29	3,384.19	0.00	3,384.19
16,685.51	574.27	37,606.43	0.00	37,606.43
0.00	0.00	1,190.00	0.00	1,190.00
211,202.67	249,076.12	27,077.29	0.00	27,077.29
0.00	0.00	7,057.00	0.00	7,057.00
0.00	0.00	9,797.74	0.00	9,797.74
1,595,000.00	2,476,516.22	16,053.65	0.00	16,053.65
115,008.89	65,903.94	162,020.69	741.68	162,762.37
146,526.87	119,821.14	129,123.47	1,248.03	130,371.50
0.00	0.00	8,641.80	0.00	8,641.80
<u>\$ 2,379,775.47</u>	<u>\$ 3,167,240.82</u>	<u>\$ 468,164.96</u>	<u>\$ 3,450.26</u>	<u>\$ 471,615.22</u>

Cash on Hand:	
Pottawatomie County	\$ 63,816.94
State Fiscal Agent	7,056.20
Check Account	7,848.58
Plus Outstanding Deposits	8,336.23
Less Outstanding Checks	(27,262.69)
Savings Account	<u>412,975.79</u>
Total Cash	472,771.05
Agency Funds per Schedule 3	<u>(1,155.83)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 471,615.22</u>

CITY OF ST. GEORGE, KANSAS  
NOTES TO FINANCIAL STATEMENT  
December 31, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

City of St. George, Kansas is a municipal corporation governed by an elected six-member council. This regulatory financial statement presents the City of St. George, Kansas (the municipality) and does not include any of its related municipal entities.

B. REGULATORY BASIS FUND TYPES

General fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund - used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Agency fund - funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

C. BASIS OF ACCOUNTING

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has passed a charter ordinance that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of a checking account and savings account. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

#### E. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

#### F. REIMBURSED EXPENSES

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

#### G. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments during the year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits: Cities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

## Note 2 - BUDGETARY INFORMATION (Cont'd.)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds and the following special purpose funds.

LE Equipment Reserve Fund  
Special Parks and Recreation Reserve Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## Note 3 - COMPLIANCE WITH KANSAS STATUTES

1. Remittance of funds to the State Fiscal Agent for bond payments were not made at least twenty days prior to the maturity date in violation of K.S.A. 10-130.

Management is aware of no other statutory violations for the period covered by the audit.

## Note 4 - DEPOSITS

K.S.A. 9-1401 established the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC Coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with the allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2012.

At December 31, 2012 the City's carrying amount of deposits was \$401,897.91 and the bank balance was \$420,824.37. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$257,848.58 was covered by federal depository insurance, and \$162,975.79 was collateralized with securities held by the pledging financial institution's agents in the City's name.

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Note 5 - LONG TERM DEBT

Changes in long-term liabilities for the municipality for the year ended December 31, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
<b>General Obligation Bonds:</b>				
Bond Series 1999A	5.200%	1/15/1999	\$ 76,000.00	1/15/2014
Bond Series 1999B	4.750%	4/06/1999	102,500.00	4/6/2039
Bond Series 1999C	4.750%	4/06/1999	38,800.00	4/6/2039
Bond Series 2001A	5.4-5.7%	7/15/2001	188,000.00	9/1/2021
Bond Series 2003	5.5-6.25%	2/01/2003	51,086.00	10/1/2023
Bond Series 2004	6.00%	9/15/2004	70,480.00	10/1/2024
Bond Series 2006A	5.75-5.875%	4/15/2006	75,000.00	10/1/2026
Bond Series 2007A	4.90%	3/01/2007	80,000.00	10/1/2027
Bond Series 2009A	4.0-5.25%	7/15/2009	1,200,000.00	10/1/2029
Bond Series 2012A	2.75%	6/28/2012	1,350,000.00	6/28/2052
Bond Series 20012B	2.75%	6/28/2012	134,000.00	6/28/2052
<b>KDHE Loans:</b>				
KDHE Proj. #C-20-1595-01 (Sewer)	2.860%	5/16/2003	52,874.00	9/1/2024
KDHE Revolving Loan #2308 (Water)	3.59%	7/25/2003	491,956.00	8/1/2025
KDOT Loan Proj. #TR0021-Phase 3	3.79%	3/14/2005	160,000.00	8/1/2025
KDOT Loan Proj. #TR0032-Phase 4	3.76%	4/5/2006	208,210.00	8/1/2025
KDOT Loan Proj. #TR0057-Phase 6	3.64%	6/15/2007	313,000.00	8/1/2027
KDOT Loan Proj. #TR0050-Riverview	3.74%	7/11/2007	736,667.00	8/1/2027
KDOT Loan Proj. #TR0048-Turkey Ridge	3.74%	7/11/2007	469,500.00	8/1/2027
<b>Temporary Note:</b>				
Series 2011-1	2.00%	12/01/2011	1,630,000.00	12/1/2012
<b>Capital Leases Payable:</b>				
Gator Lease	4.55%	9/06/2011	11,104.64	9/6/2014
<b>Total Contractual Indebtedness</b>				

Balance Beginning of Year	Additions	Reductions / Payments	Balance End of Year	Interest Paid
\$ 20,100.00	\$ 0.00	\$ 6,400.00	\$ 13,700.00	\$ 878.80
88,300.00	0.00	1,600.00	86,700.00	4,156.26
28,913.61	0.00	600.00	28,313.61	1,359.15
120,000.00	0.00	10,000.00	110,000.00	6,690.00
38,000.00	0.00	2,000.00	36,000.00	2,267.50
54,000.00	0.00	3,000.00	51,000.00	3,240.00
63,000.00	0.00	3,000.00	60,000.00	3,686.26
70,000.00	0.00	3,000.00	67,000.00	3,430.00
1,165,000.00	0.00	25,000.00	1,140,000.00	55,932.50
0.00	1,350,000.00	0.00	1,350,000.00	0.00
0.00	134,000.00	0.00	134,000.00	0.00
36,364.50	0.00	2,458.05	33,906.45	933.19
366,872.18	0.00	21,550.43	345,321.75	11,713.65
121,606.89	0.00	6,862.72	114,744.17	4,305.07
111,519.47	0.00	6,467.00	105,052.47	3,914.34
283,015.34	0.00	13,346.03	269,669.31	4,750.90
660,352.48	0.00	30,893.02	629,459.46	23,046.30
136,128.76	0.00	6,369.48	129,759.28	9,594.22
1,630,000.00		1,630,000.00	0.00	21,461.67
9,251.83	0.00	3,574.80	5,677.03	361.92
<u>\$ 5,002,425.06</u>	<u>\$ 1,484,000.00</u>	<u>\$ 1,776,121.53</u>	<u>\$ 4,710,303.53</u>	<u>\$ 161,721.73</u>

Note 5 - LONG TERM DEBT (Cont'd.)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	12/31/2013	12/31/2014	12/31/2015	12/31/2016
<b>PRINCIPAL:</b>				
General Obligation Bonds	\$ 80,560.16	\$ 87,635.52	\$ 82,426.92	\$ 89,934.78
KDHE Loans	91,180.82	94,533.98	98,010.72	101,615.52
Capital Leases Payable	3,740.89	1,936.14	0.00	0.00
<b>TOTAL PRINCIPAL</b>	<b>175,481.87</b>	<b>184,105.64</b>	<b>180,437.64</b>	<b>191,550.30</b>
<b>INTEREST:</b>				
General Obligation Bonds	120,374.19	116,811.37	113,307.22	110,078.74
KDHE Loans	55,265.89	52,163.75	48,947.26	45,612.28
Capital Leases Payable	195.83	33.22	0.00	0.00
<b>TOTAL INTEREST</b>	<b>175,835.91</b>	<b>169,008.34</b>	<b>162,254.48</b>	<b>155,691.02</b>
<b>TOTAL PRINCIPAL &amp; INTEREST</b>	<b>\$ 351,317.78</b>	<b>\$ 353,113.98</b>	<b>\$ 342,692.12</b>	<b>\$ 347,241.32</b>
	12/31/2038 - 12/31/2042	12/31/2043 - 12/31/2047	12/31/2048 - 12/31/2052	Total
<b>PRINCIPAL:</b>				
General Obligation Bonds	\$ 229,146.70	\$ 248,984.97	\$ 285,641.05	\$ 3,076,713.61
KDHE Loans	0.00	0.00	0.00	1,627,912.89
Capital Leases Payable	0.00	0.00	0.00	5,677.03
<b>TOTAL PRINCIPAL</b>	<b>229,146.70</b>	<b>248,984.97</b>	<b>285,641.05</b>	<b>4,710,303.53</b>
<b>INTEREST:</b>				
General Obligation Bonds	93,458.27	60,957.43	24,301.35	1,836,964.38
KDHE Loans	0.00	0.00	0.00	448,408.15
Capital Leases Payable	0.00	0.00	0.00	229.05
<b>TOTAL INTEREST</b>	<b>93,458.27</b>	<b>60,957.43</b>	<b>24,301.35</b>	<b>2,285,601.58</b>
<b>TOTAL PRINCIPAL &amp; INTEREST</b>	<b>\$ 322,604.97</b>	<b>\$ 309,942.40</b>	<b>\$ 309,942.40</b>	<b>\$ 6,995,905.11</b>

12/31/2017	12/31/2018 - 12/31/2022	12/31/2023 - 12/31/2027	12/31/2028 - 12/31/2032	12/31/2033 - 12/31/2037
\$ 95,759.58	\$ 571,196.01	\$ 666,642.24	\$ 419,904.15	\$ 218,881.53
105,353.09	587,828.74	549,390.02	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>201,112.67</u>	<u>1,159,024.75</u>	<u>1,216,032.26</u>	<u>419,904.15</u>	<u>218,881.53</u>
106,346.94	463,221.32	324,968.35	176,274.74	126,864.46
42,154.43	153,065.04	51,199.50	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>148,501.37</u>	<u>616,286.36</u>	<u>376,167.85</u>	<u>176,274.74</u>	<u>126,864.46</u>
<u>\$ 349,614.04</u>	<u>\$ 1,775,311.11</u>	<u>\$ 1,592,200.11</u>	<u>\$ 596,178.89</u>	<u>\$ 345,745.99</u>

Note 6 - CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

<u>Sewer Project Fund</u> <u>Description</u>	<u>Project</u> <u>Authorization</u>	<u>Cash</u> <u>Disbursements</u> <u>and Accounts</u> <u>Payable to Date</u>
Sewer Improvements	\$ 1,759,500.00	\$ 1,746,185.79

Note 7 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

*Compensated Absences.* Full-time employees will accrue one day of vacation per month of employment up to a maximum of ten days, which doesn't begin until the employee has completed three months of employment. Upon separation of employment employees will be paid for any unused vacation leave, therefore, the potential liability for vacation leave as of December 31, 2012 and 2011 is \$1,358.63 and \$1,039.50 respectively, which is a net change of \$1,856.47.

Full-time employees will accrue one day of sick leave per month up to a maximum of sixty days, after completing three months of employment. Employees with over ten years of continuous service who leave in good standing shall receive half of their accumulated sick leave not to exceed 30 days. Due to the uncertainty in predicting who will qualify no estimate is being made.

Note 8 - DEFINED BENEFIT PENSION PLAN

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding policy.* K.S.A. 74-419 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets limitations on annual increases in the employer contribution rates.

Note 9 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The City does not participate in a public entity risk pool.

Note 10 - SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through July 16, 2014, and does not believe any events have occurred which effect the financial statement as presented.

**REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION**

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CITY OF ST. GEORGE, KANSAS  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>
Governmental Type Funds:		
General Fund	\$ 340,411.00	\$ 0.00
Special Purpose Funds:		
Special Parks and Recreation Fund	8,764.00	0.00
Special Highway Fund	32,637.00	0.00
Bond and Interest Funds:		
Bond & Interest Fund	251,823.00	0.00
Business Funds:		
Sewer Utility Fund	174,953.00	0.00
Water Utility Fund	186,981.00	0.00

Schedule 1

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 340,411.00	\$ 250,290.84	\$ (90,120.16)
8,764.00	5,058.29	(3,705.71)
32,637.00	574.27	(32,062.73)
251,823.00	249,076.12	(2,746.88)
174,953.00	65,903.94	(109,049.06)
186,981.00	119,821.14	(67,159.86)

CITY OF ST. GEORGE, KANSAS  
GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 88,470.42	\$ 108,660.58	\$ 114,608.00	\$ (5,947.42)
Delinquent Tax	3,879.03	2,466.40	0.00	2,466.40
Motor Vehicle Tax	10,350.37	12,568.34	10,701.00	1,867.34
Recreational Vehicle Tax	236.32	176.91	175.00	1.91
16/20 M Vehicle Tax	58.67	44.70	65.00	(20.30)
Local Liquor Tax	556.64	1,034.59	703.00	331.59
Sales Tax	85,616.08	92,487.36	86,000.00	6,487.36
Franchise Tax	16,282.59	18,856.42	17,500.00	1,356.42
Compensating Use Tax	9,060.13	8,138.52	0.00	8,138.52
Other Taxes	594.48	1,011.72	100.00	911.72
License and Permits	15,746.00	7,135.11	11,500.00	(4,364.89)
Fines, Forfeitures and Penalties	11,686.00	12,648.20	12,000.00	648.20
Rental Income	4,800.00	4,425.00	4,800.00	(375.00)
State Aid	54,412.55	0.00	0.00	0.00
Federal Aid	170.00	0.00	0.00	0.00
Reimbursed Expenses	7,992.36	10,743.07	2,000.00	8,743.07
Miscellaneous	1,431.39	8,397.00	750.00	7,647.00
Interest	1,597.46	2,176.32	1,300.00	876.32
Transfer In	0.00	0.00	50,000.00	(50,000.00)
<b>Total Cash Receipts</b>	<b>312,940.49</b>	<b>290,970.24</b>	<b>\$ 312,202.00</b>	<b>\$ (21,231.76)</b>
<b>Expenditures</b>				
Personnel	101,094.23	79,280.35	117,000.00	(37,719.65)
Contractual and other	82,237.63	80,054.00	101,480.00	(21,426.00)
Materials and supplies	25,849.66	27,830.94	20,625.00	7,205.94
Lease Purchase Payment	5,212.73	0.00	0.00	0.00
Insurance	12,478.25	15,365.00	21,000.00	(5,635.00)
Capital Outlay	65,337.16	47,760.55	80,306.00	(32,545.45)
<b>Total Expenditures</b>	<b>292,209.66</b>	<b>250,290.84</b>	<b>\$ 340,411.00</b>	<b>\$ (90,120.16)</b>
Cash Receipts Over (Under) Expenditures	20,730.83	40,679.40		
Unencumbered Cash, Beginning	2,995.27	23,726.10		
Unencumbered Cash, Ending	\$ 23,726.10	\$ 64,405.50		

CITY OF ST. GEORGE, KANSAS  
 LE EQUIPMENT RESERVE FUND  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>Prior Year Actual</u>	<u>Actual</u>
Cash Receipts		
Court Fees	\$ 248.50	\$ 1,558.70
Total Cash Receipts	<u>248.50</u>	<u>1,558.70</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Cash Receipts Over (Under) Expenditures	248.50	1,558.70
Unencumbered Cash, Beginning	<u>0.00</u>	<u>248.50</u>
Unencumbered Cash, Ending	<u>\$ 248.50</u>	<u>\$ 1,807.20</u>

CITY OF ST. GEORGE, KANSAS  
SPECIAL PARKS AND RECREATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Local Alcohol Tax	\$ 556.64	\$ 752.94	\$ 703.00	\$ 49.94
Fines, Forfeitures, and Penalties	248.50	1,538.65	1,350.00	188.65
Miscellaneous	65.00	531.00	0.00	531.00
Total Cash Receipts	<u>870.14</u>	<u>2,822.59</u>	<u>\$ 2,053.00</u>	<u>\$ 769.59</u>
Expenditures				
Contractual and Other	674.49	2,058.70	8,214.00	(6,155.30)
Materials and Supplies	1,335.01	899.59	550.00	349.59
Administrative	0.00	2,100.00	0.00	2,100.00
Total Expenditures	<u>2,009.50</u>	<u>5,058.29</u>	<u>\$ 8,764.00</u>	<u>\$ (3,705.71)</u>
Cash Receipts Over (Under) Expenditures	(1,139.36)	(2,235.70)		
Unencumbered Cash, Beginning	<u>6,759.25</u>	<u>5,619.89</u>		
Unencumbered Cash, Ending	<u>\$ 5,619.89</u>	<u>\$ 3,384.19</u>		

CITY OF ST. GEORGE, KANSAS  
SPECIAL HIGHWAY FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Motor Fuel Tax	\$ 15,998.21	\$ 16,685.51	\$ 14,740.00	\$ 1,945.51
Total Cash Receipts	<u>15,998.21</u>	<u>16,685.51</u>	<u>\$ 14,740.00</u>	<u>\$ 1,945.51</u>
Expenditures				
Dues, Fees and Assessments	0.00	0.00	6,500.00	(6,500.00)
Contractual and Other	12,216.95	574.27	25,887.00	(25,312.73)
Materials and Supplies	82.63	0.00	250.00	(250.00)
Total Expenditures	<u>12,299.58</u>	<u>574.27</u>	<u>\$ 32,637.00</u>	<u>\$ (32,062.73)</u>
Cash Receipts Over (Under) Expenditures	3,698.63	16,111.24		
Unencumbered Cash, Beginning	<u>17,796.56</u>	<u>21,495.19</u>		
Unencumbered Cash, Ending	<u>\$ 21,495.19</u>	<u>\$ 37,606.43</u>		

CITY OF ST. GEORGE, KANSAS  
 SPECIAL PARKS AND RECREATION RESERVE FUND  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Actual
Cash Receipts		
None	\$ 0.00	\$ 0.00
<b>Total Cash Receipts</b>	<b>0.00</b>	<b>0.00</b>
Expenditures		
None	0.00	0.00
<b>Total Expenditures</b>	<b>0.00</b>	<b>0.00</b>
Cash Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	1,190.00	1,190.00
Unencumbered Cash, Ending	\$ 1,190.00	\$ 1,190.00

CITY OF ST. GEORGE, KANSAS  
 BOND & INTEREST FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 35,413.08	\$ 39,232.21	\$ 41,363.00	\$ (2,130.79)
Delinquent Tax	2,305.98	1,079.08	0.00	1,079.08
Motor Vehicle Tax	5,741.72	6,203.06	4,283.00	1,920.06
Recreational Vehicle Tax	108.84	105.61	70.00	35.61
16/20 M Vehicle Tax	4.54	33.31	26.00	7.31
Special Assessments	222,970.71	164,549.40	170,000.00	(5,450.60)
Total Cash Receipts	<u>266,544.87</u>	<u>211,202.67</u>	<u>\$ 215,742.00</u>	<u>\$ (4,539.33)</u>
Expenditures				
Service Fees	3,382.39	3,286.57	0.00	3,286.57
Contractual and Other	0.00	0.00	2,500.00	(2,500.00)
Principal Payments	116,594.96	118,538.25	85,537.00	33,001.25
Interest Payments	131,241.90	127,251.30	127,251.00	0.30
Cash Reserve Unpaid Assessment	0.00	0.00	36,535.00	(36,535.00)
Total Expenditures	<u>251,219.25</u>	<u>249,076.12</u>	<u>\$ 251,823.00</u>	<u>\$ (2,746.88)</u>
Cash Receipts Over (Under) Expenditures	15,325.62	(37,873.45)		
Unencumbered Cash, Beginning	<u>49,625.12</u>	<u>64,950.74</u>		
Unencumbered Cash, Ending	<u>\$ 64,950.74</u>	<u>\$ 27,077.29</u>		

CITY OF ST. GEORGE, KANSAS  
 POWERCAT PHASE 6 FUND  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>Prior Year Actual</u>	<u>Actual</u>
Cash Receipts		
None	\$ 0.00	\$ 0.00
Total Cash Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Cash Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>7,057.00</u>	<u>7,057.00</u>
Unencumbered Cash, Ending	<u>\$ 7,057.00</u>	<u>\$ 7,057.00</u>

CITY OF ST. GEORGE, KANSAS  
 RIVERVIEW HILLS FUND  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Actual
Cash Receipts		
None	\$ 0.00	\$ 0.00
Total Cash Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Cash Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>9,797.74</u>	<u>9,797.74</u>
Unencumbered Cash, Ending	<u>\$ 9,797.74</u>	<u>\$ 9,797.74</u>

CITY OF ST. GEORGE, KANSAS  
SEWER PROJECT FUND  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>Prior Year Actual</u>	<u>Actual</u>
Cash Receipts		
USDA Grant	\$ 200,000.00	\$ 111,000.00
Temp Note Proceeds	1,621,216.11	0.00
GO Bond Proceeds	<u>0.00</u>	<u>1,484,000.00</u>
Total Cash Receipts	<u>1,821,216.11</u>	<u>1,595,000.00</u>
Expenditures		
Temp Note Payoff - Principal	0.00	1,630,000.00
Temp Note Payoff - Interest	0.00	21,461.67
Debt Service Fees	0.00	2,515.00
Contractual and Other	<u>923,646.24</u>	<u>822,539.55</u>
Total Expenditures	<u>923,646.24</u>	<u>2,476,516.22</u>
Cash Receipts Over (Under) Expenditures	897,569.87	(881,516.22)
Unencumbered Cash, Beginning	<u>0.00</u>	<u>897,569.87</u>
Unencumbered Cash, Ending	<u>\$ 897,569.87</u>	<u>\$ 16,053.65</u>

CITY OF ST. GEORGE, KANSAS  
SEWER UTILITY FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services	\$ 92,179.26	\$ 115,008.89	\$ 108,000.00	\$ 7,008.89
Total Cash Receipts	<u>92,179.26</u>	<u>115,008.89</u>	<u>\$ 108,000.00</u>	<u>\$ 7,008.89</u>
Expenditures				
Personnel	17,881.68	26,446.94	42,000.00	(15,553.06)
Contractual and Other	19,579.48	19,498.47	56,062.00	(36,563.53)
Materials and Supplies	6,622.71	7,122.35	6,000.00	1,122.35
Equipment Reserve	0.00	0.00	25,000.00	(25,000.00)
Lease Purchase Payments	984.00	1,968.34	0.00	1,968.34
Capital Outlay	0.00	7,387.22	42,500.00	(35,112.78)
Principal	2,389.22	2,458.05	2,458.00	0.05
Interest	996.00	933.19	933.00	0.19
Service Fees	95.40	89.38	0.00	89.38
Total Expenditures	<u>48,548.49</u>	<u>65,903.94</u>	<u>\$ 174,953.00</u>	<u>\$ (109,049.06)</u>
Cash Receipts Over (Under) Expenditures	43,630.77	49,104.95		
Unencumbered Cash, Beginning	<u>69,284.97</u>	<u>112,915.74</u>		
Unencumbered Cash, Ending	<u>\$ 112,915.74</u>	<u>\$ 162,020.69</u>		

CITY OF ST. GEORGE, KANSAS  
WATER UTILITY FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services	\$ 126,420.74	\$ 137,649.62	\$ 125,000.00	\$ 12,649.62
Fines, Forfeitures, and Penalties	13,015.58	5,540.86	2,750.00	2,790.86
Licenses and Permits	1,600.00	3,200.00	0.00	3,200.00
Miscellaneous	19.62	136.39	0.00	136.39
<b>Total Cash Receipts</b>	<u>141,055.94</u>	<u>146,526.87</u>	<u>\$ 127,750.00</u>	<u>\$ 18,776.87</u>
Expenditures				
Personnel	53,181.09	49,198.16	38,000.00	11,198.16
Contractual and Other	12,255.84	20,470.08	20,000.00	470.08
Materials and Supplies	6,461.45	13,267.48	20,250.00	(6,982.52)
Capital Outlay	0.00	387.60	75,467.00	(75,079.40)
Lease Purchase Payments	984.00	1,968.36	0.00	1,968.36
Principal	20,797.12	21,550.43	21,550.00	0.43
Interest	12,393.52	11,713.65	11,714.00	(0.35)
Service Fees	1,338.82	1,265.38	0.00	1,265.38
<b>Total Expenditures</b>	<u>107,411.84</u>	<u>119,821.14</u>	<u>\$ 186,981.00</u>	<u>\$ (67,159.86)</u>
Cash Receipts Over (Under) Expenditures	33,644.10	26,705.73		
Unencumbered Cash, Beginning	<u>68,773.64</u>	<u>102,417.74</u>		
Unencumbered Cash, Ending	<u>\$ 102,417.74</u>	<u>\$ 129,123.47</u>		

CITY OF ST. GEORGE, KANSAS  
 SEWER REPLACEMENT RESERVE FUND  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>Prior Year Actual</u>	<u>Actual</u>
Cash Receipts		
None	\$ 0.00	\$ 0.00
Total Cash Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Cash Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>8,641.80</u>	<u>8,641.80</u>
Unencumbered Cash, Ending	<u>\$ 8,641.80</u>	<u>\$ 8,641.80</u>

CITY OF ST. GEORGE, KANSAS  
AGENCY FUNDS  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Payroll Clearing	\$ 0.00	\$ 137,014.41	\$ 135,858.58	\$ 1,155.83
Total Agency Funds	<u>\$ 0.00</u>	<u>\$ 137,014.41</u>	<u>\$ 135,858.58</u>	<u>\$ 1,155.83</u>